

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED)
GAS ADJUSTMENT FILING OF) CASE NO. 10398-JJ
MOUNTAIN UTILITIES, INC.)

O R D E R

On March 21, 1989, in Case No. 10398 the Commission approved certain adjusted rates for Mountain Utilities, Inc. ("Mountain") and provided for their further adjustment when the wholesale cost of gas changes or a refund is received.

On April 25, 1996, Mountain notified the Commission that its wholesale cost of gas will be increased by its supplier effective November 1, 1996, and submitted with its notice information required by its purchased gas adjustment ("PGA") clause.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

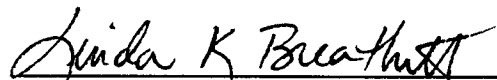
1. Mountain's notice proposed revised rates designed to pass on its wholesale increase in gas cost in the amount of 12.04 cents per Mcf.
2. Mountain's contract with Equitable Resources Marketing Company ("EREX") contains a pricing provision which increases Mountain's cost of gas from \$2.90 per Dth to \$3.00 per Dth effective November 1, 1996.
3. Mountain's adjustment in rates is fair, just, and reasonable, in the public interest, and should be effective for gas supplied on and after November 1, 1996.

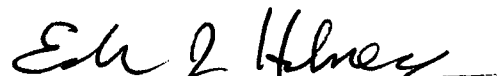
IT IS THEREFORE ORDERED that:

1. The rates in the Appendix to this Order are fair, just, and reasonable, and are approved effective for gas supplied on and after November 1, 1996.
2. Within 30 days of the date of this Order, Mountain shall file with this Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 18th day of October, 1996.


PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 10398-JJ DATED OCTOBER 18, 1996

The following rates and charges are prescribed for the customers in the area served by Mountain Utilities, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES: Monthly

First	1 Mcf	\$8.6523 per Mcf
Over All	1 Mcf	7.8923 per Mcf

Minimum Bill:		
(when less than 1 Mcf is used)		8.65

Surcharge:		
Kentucky-West Virginia Gas Company		
Per Mcf		\$.8192

The base rate for the future application of the purchased gas adjustment clause of Mountain Utilities, Inc. shall be:

Commodity

EREX	\$3.00/Dth
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